

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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HILLAIR CAPITAL INVESTMENTS, L.P.,

Plaintiff,

-against-

INTEGRATED FREIGHT CORPORATION,
SMITH SYSTEMS TRANSPORT, INC.,
MORRIS TRANSPORT, INC., CROSS CREEK
TRUCKING, INC., PAUL HENLEY,
HENRY P. HOFFMAN AND MATTHEW A. VEAL,

Defendants.
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Index No.: 12 CIV 7164

**RULE 56.1
STATEMENT OF
DEFENDANTS**

Pursuant to Rule 56.1 of the Local Rules of the Southern and Eastern Districts of New York, the defendants INTEGRATED FREIGHT CORPORATION, SMITH SYSTEMS TRANSPORT, INC., MORRIS TRANSPORT, INC., CROSS CREEK TRUCKING, INC., PAUL HENLEY, HENRY P. HOFFMAN AND MATTHEW A. VEAL (collectively the “Defendants”), by their attorneys, LEDWITH & ATKINSON, respectfully set forth the following material undisputed facts in opposition to plaintiff’s motion for summary judgment against the Defendants.

1. Admit.
2. Admit.
3. Admit in connection with Smith Systems Transport, Inc. and Morris Transport, Inc. Cross Creek Trucking is currently owned by Deep South Capital, LLC. See Affidavit of Henry P. Hoffman at Paragraph 3 submitted herewith.
4. Admit, however, Paul Henley resigned as President of Integrated Freight in March 2012. See Affidavit of Henry P. Hoffman at Paragraph 4 submitted herewith.
5. Admit.

6. Deny. Matthew Veal is currently a non-employee consultant to Integrated Freight Corporation. Mr. Veal is a former employee of Integrated Freight who held the title of Vice President and Treasurer.
7. Admit.
8. Admit.
9. Admit, however, INTEGRATED FREIGHT CORPORATION also issued 500,000 shares of common stock to plaintiff in connection with the September Debenture. In addition, total cash proceeds to Integrated Freight Corporation was only \$150,000 as Plaintiff included \$15,000 in fees to complete the transaction. See Annex A to the September 26, 2011 Securities Purchase Agreement attached to Plaintiff's motion at Exhibit 3.
10. Admit.
11. Admit, however, INTEGRATED FREIGHT CORPORATION issued 453,030 shares of common stock to plaintiff in connection with the November Debenture. In addition, total loan proceeds to Integrated Freight Corporation was only \$135,000 as Plaintiff, once again, included \$15,000 in fees to complete the transaction. See Hoffman Affidavit at 11.¹
12. Admit.
13. Admit.
14. Admit.
15. Admit.

¹For some unknown reason the November Securities Purchase Agreement does not contain an Annex A.

16. Admit.
17. Admit.
18. Admit.
19. Admit, however Cross Creek Trucking, Inc. Is currently a wholly owned subsidiary of Deep South Capital LLC. See Hoffman affidavit at 3.
20. Admit.
21. Admit.
22. Admit.
23. Admit.
24. Admit.
25. Admit.
26. Admit.
27. Deny. Paul Henley is the only signatory to the September Personal Guarantee. Matthew Veal and Henry Hoffman did not execute the September Personal Guarantee. See September Personal Guarantee attached to Plaintiff's Motion for Summary Judgment at Exhibit 9.
28. Admit.
29. Admit. However, as noted above, Veal and Hoffman are not signatories to the September Personal Guarantee. See September Personal Guarantee attached to Plaintiff's Motion for Summary Judgment at Exhibit 9.
30. Admit.
31. Admit.
32. Admit.

- 33. Admit.
- 34. Admit.
- 35. Deny. Objection, Plaintiff is making a legal argument. Defendants contend that Criminal Usury applies to this transaction.
- 36. Deny. Objection, Plaintiff is making a legal argument. Defendants contend that Criminal Usury applies to this transaction.
- 37. Admit.
- 38. Admit.
- 39. Admit.

Dated: Lynbrook, New York
May 31, 2013

Yours, etc.



Thomas D. Atkinson (TDA 6588)
LEDWITH & ATKINSON
Attorneys for Defendants Integrated Freight
Corporation, Smith Systems Transport, Inc.,
Morris Transport, Inc., Cross Creek Trucking,
Inc., Paul Henley, Henry P. Hoffman and
Matthew A. Veal
14 St. James Place
Lynbrook, New York 11563
(516) 593-1771; (516) 593-1816-fax

TO: Ted Poretz (TP-5387)
Ellenhoff, Grossman & Schole, LLP
Attorney for Plaintiff
HILLAIR CAPITAL INVESTMENTS, L.P.
150 East 42nd Street
11th Floor
New York, New York 10017
(212) 370-1300